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OP-ED COLUMNIST

Dooh Nibor Economics

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Last week The Washington Post got hold of an Office of Management and Budget memo that directed federal agencies to prepare for post-election cuts in programs that George Bush has been touting on the campaign trail. These include nutrition for women, infants and children; Head Start; and homeland security. The numbers match those on a computer printout leaked earlier this year — one that administration officials claimed did not reflect policy.

Beyond the routine mendacity, the case of the leaked memo points us to a larger truth: whatever they may say in public, administration officials know that sustaining Mr. Bush's tax cuts will require large cuts in popular government programs. And for the vast majority of Americans, the losses from these cuts will outweigh any gains from lower taxes.

It has long been clear that the Bush administration's claim that it can simultaneously pursue war, large tax cuts and a "compassionate" agenda doesn't add up. Now we have direct confirmation that the White House is engaged in bait and switch, that it intends to pursue a not at all compassionate agenda after this year's election.

That agenda is to impose Dooh Nibor economics — Robin Hood in reverse. The end result of current policies will be a large-scale transfer of income from the middle class to the very affluent, in which about 80 percent of the population will lose and the bulk of the gains will go to people with incomes of more than \$200,000 per year.

I can't back that assertion with official numbers, because under Mr. Bush the Treasury Department has stopped releasing information on the distribution of tax cuts by income level. Estimates by the Urban Institute-Brookings Institution Tax Policy Center, which now provides the numbers the administration doesn't want you to know, reveal why. This year, the average tax reduction per family due to Bush-era cuts was \$1,448. But this average reflects huge cuts for a few affluent families, with most families receiving much less (which helps explain why most people, according to polls, don't believe their taxes have been cut). In fact, the 257,000 taxpayers with incomes of more than \$1 million received a bigger combined tax cut than the 85 million taxpayers who make up the bottom 60 percent of the population.

Still, won't most families gain something? No — because the tax cuts must eventually be offset with spending cuts.

Three years ago George Bush claimed that he was cutting taxes to return a budget surplus to the public. Instead, he presided over a move to huge deficits. As a result, the modest tax cuts received by the great majority of Americans are, in a fundamental sense, fraudulent. It's as if someone expected gratitude for giving you a gift, when he actually bought it using your credit card.

The administration has not, of course, explained how it intends to pay the bill. But unless taxes are increased again, the answer will have to be severe program cuts, which will fall mainly on Social Security, Medicare and Medicaid — because that's where the bulk of the money is.

For most families, the losses from these cuts will far outweigh any gain from lower taxes. My back-of-the-envelope calculation suggests that 80 percent of all families will end up worse off; the Center on Budget and Policy Priorities will soon come out with a more careful, detailed analysis that arrives at a similar conclusion. And the only really big beneficiaries will be the wealthiest few percent of the population.

Does Mr. Bush understand that the end result of his policies will be to make most Americans worse off, while enriching the already affluent? Who knows? But the ideologues and political operatives behind his agenda know exactly what they're doing.

Of course, voters would never support this agenda if they understood it. That's why dishonesty — as illustrated by the administration's consistent reliance on phony accounting, and now by the business with the budget cut memo — is such a central feature of the White House political strategy.

Right now, it seems that the 2004 election will be a referendum on Mr. Bush's calamitous foreign policy. But something else is at stake: whether he and his party can lock in the unassailable political position they need to proceed with their pro-rich, anti-middle-class economic strategy. And no, I'm not engaging in class warfare. They are.